Revenue and Rating Plan

2025-29

Acknowledgement

Moira Shire Council acknowledges the Yorta Yorta Nation as the Traditional Owners of this land. We recognise the deep spiritual connection to land, waterways and community of the eight clan groups of Yorta Yorta Nation.

We pay our respects to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander Peoples.

Contents

1.1
Purpose

The *Revenue and Rating Plan 2025-2029* (the plan) sets the strategic framework and the mechanism for how the Council will generate revenue for the next four years in accordance with section 93 of the *Local Government Act 2020* to support the delivery of the objectives in the *Council Plan 2025-2029*.

The plan outlines how the Council calculates the revenue needed to fund services and how the funding burden is shared between ratepayers, users of Council facilities and services and other revenue sources.

It details decisions on rating options under the *Local Government Act 2020* to ensure fair and equitable rate distribution and principles for other revenue sources like fees, charges, grants, and revenue in lieu of rates.

Although it is a crucial part of Council's strategic planning framework, the plan does not however, set revenue targets; these are determined through the Council's *Financial Plan 2025-2035* and annual budgets.

1.2
Introduction

Council needs to generate revenue to cover the cost of its activities and to support the delivery of the *Council Plan 2025-2029* which includes providing services and facilities to the community.

Council's major sources of revenue include:

- General Rates and Charges (eg property rates, service charges)
- Recurrent Government Grants (eg, Federal Assistance Grants, Roads to Recovery, etc)
- Non-recurrent Government Grants (eg, National Stronger Regions Fund, etc)
- Statutory Fees and Fines
- User Fees (eg transfer stations, swimming pools)
- Cash and non-cash contributions from third parties (eg. developers, community groups)
- Interest earned on cash investments.

Figure 1 shows the split of Council's revenue sources as projected for the 2025/2026 financial year.

The Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus to Council's long-term financial sustainability noting that in 2025/2026, General Rates and Charges make up 55% of Council's revenue.

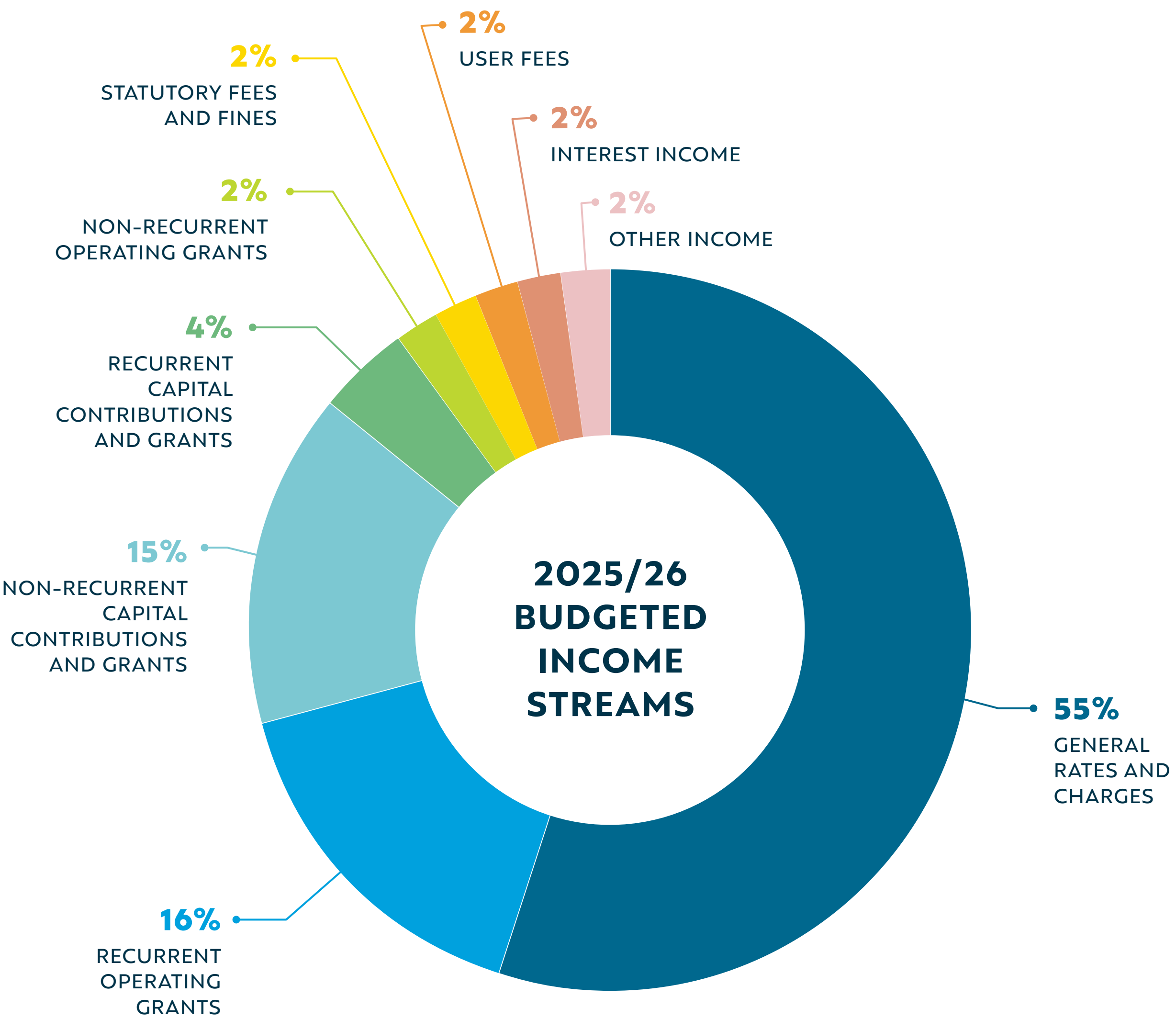
The FGRS limit's Council's ability to increase rate revenue by imposing a rate cap which is set by the Minister for Local Government each year, unless an application is made to the Essential Services Commission for an exemption. With underlying costs and the consumer price index (CPI) increasing at a larger rate than the rate cap, this puts pressure on Council from a financial sustainability perspective.

In simple terms, cost increases are outpacing revenue increases.

Council provides a wide range of services to the community, sometimes for a fee or charge. The nature of these fees and charges depends on whether they relate to statutory or discretionary services. Some fees and charges, such as statutory planning fees, are set by State Government statute and are commonly known as regulatory fees. In these cases, Council has no control over service pricing. Where Council does have the ability to influence service pricing, the value of the service fee or charge will be determined annually by applying the principles outlined in this Revenue and Rating Plan.

Council revenue can also be adversely affected by changes to funding from other levels of government. Some grants are tied to the delivery of council services, whilst others (i.e. non-recurrent capital grants) are tied to the delivery of new community assets, such as recreation facilities.

Figure 1: 2025/26 Budgeted Income Streams (%)



1.3
Strategic Context

Through its Strategic Planning Framework, Council aims to ensure all activities and financial resources align with the Moira Shire community's aspirations, needs, and expectations.

Key planning documents within the Strategic Planning Framework include:

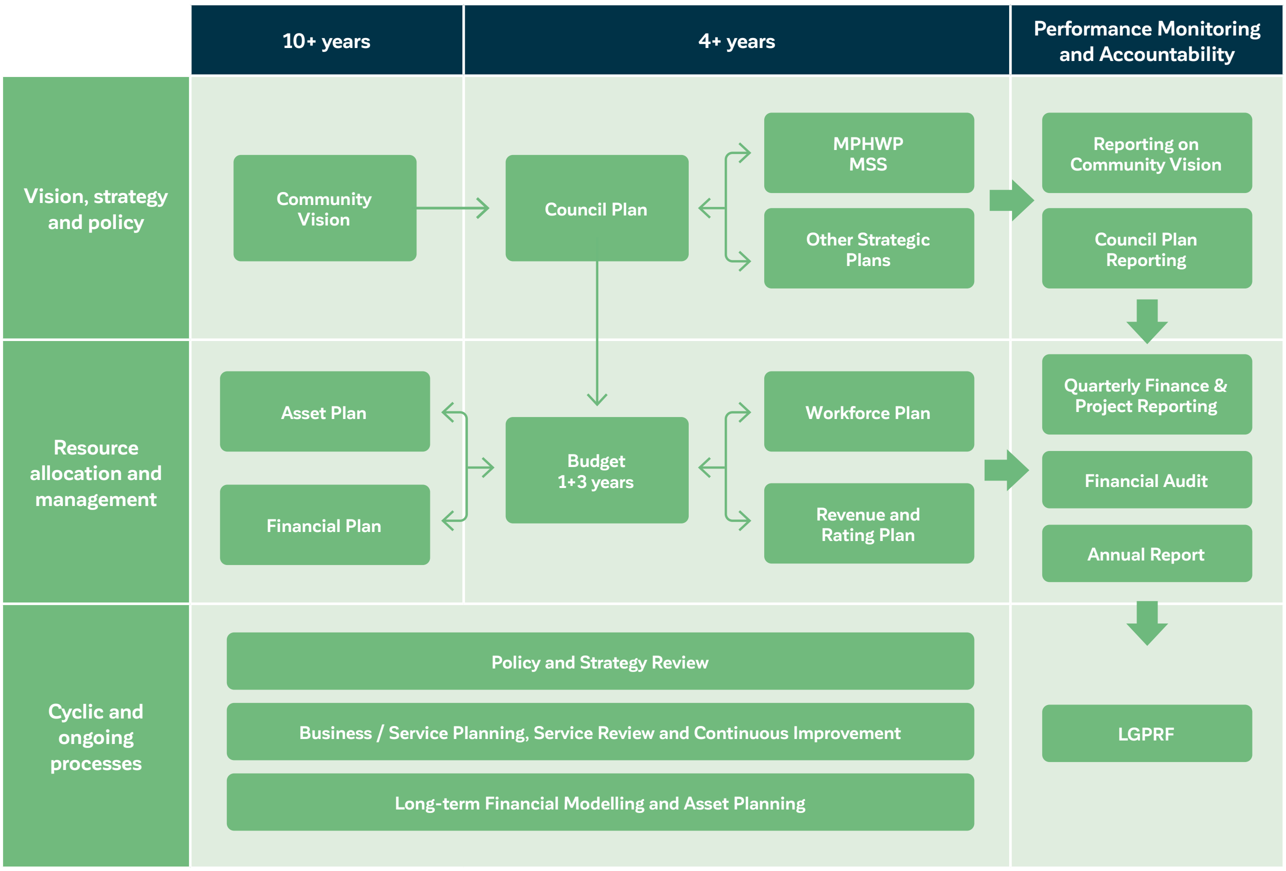
- *Community Vision 2045*
- *Council Plan 2025-2029*
- *Financial Plan 2025-2035*
- *Annual Financial Plan and Budget*
- *Revenue and Rating Plan 2025-2029*
- *Asset Plan 2025-2035*

The *Local Government Act 2020* requires councils to exercise sound financial management, which includes:

- Managing revenue, expenses, assets, liabilities, investments, and financial transactions according to financial policies and strategic plans.
- Prudently monitoring and managing financial risks considering economic circumstances.
- Ensuring financial policies and strategic plans, including the *Revenue and Rating Plan 2025-2029*, provide stability.
- Keeping accounts and records that explain the Council's financial operations and position.

This is all brought together through an integrated planning approach, as highlighted in Figure 2.

Figure 2: Council's Strategic Planning Framework



1.4 Challenges and Opportunities

In completing an analysis of Council's current revenue sources, the following challenges and opportunities have been identified and have formed part of the considerations when creating the plan.

Some of the challenges and opportunities considered as part of this analysis include:

CHALLENGES

- Rate capping constrains Council's ability to increase its general rate revenue to cover the cost of service delivery. General rates and charges make up 55% of Council's budgeted 2025/26 revenue, therefore, Council is heavily dependent on a source of income that is partially capped.
- Council currently has limited revenue generation options or commercial operations to raise revenue outside of General Rates and Charges.
- Users of council facilities expect to pay minimal or heavily subsidised user access fees.
- Community expectations of Council to deliver high quality services and infrastructure places pressure on Council's limited resources.
- Property valuation increases are driven by market pricing which may seem unfair to some categories of properties or result in large or sporadic increases over a period of time.
- Volatility in the waste management industry has seen significant increases in service delivery costs.
- Increasing government taxes on property owners, such as the Emergency Services and Volunteer Fund Levy, are exponentially increasing the burden of taxation on properties.
- Cost shifting of services from Federal or State Government onto local government, without sufficient funding to support ongoing service delivery.

OPPORTUNITIES

- Differential rates can be applied to achieve a fair and equitable distribution of the rate burden.
- New revenue sources can be explored and potentially introduced to reduce dependence on General Rates and Charges.
- Strategic alignment of grant applications to ensure funding is delivering strategic outcomes for the Council and the Community.
- Service reviews performed in line with Council's Service Planning Framework will ensure service delivery is efficient and the true cost, resources, and benefits as well as the impact on long-term sustainability of delivering the agreed services to the community is understood.
- Consolidation of service delivery can be considered to ensure the current level of service is maintained in an increasing cost environment.

1.5
Rates and Charges

1.5.1
Rating legislative framework

The purpose of this section is to outline the legislative framework in which Council must operate in constructing its rating system and the various issues that Council must consider in making its decision on the rating objectives.

The relevant legislation guiding councils in terms of levying property owners are the following Acts:

- *Local Government Act 1989*
- *Local Government Act 2020*
- *Valuation of Land Act 1960*
- *Cultural and Recreational Lands Act 1963*

The legislation aims to achieve several major objectives for the rating system:

- the equitable imposition of rates and charges
- a reasonable degree of stability in the level of the rates effort
- contribute to the equitable and efficient carrying out of Council's functions.

Council rates are a property-based tax, not a fee for service. Rates allow Council to raise revenue to fund the provision of services and facilities for the benefit of the municipality. Importantly, rates are a taxation system that includes flexibility for councils to utilise different tools in its rating structure to accommodate issues of equity and to ensure fairness in rating for ratepayers.

Council has influence over a limited range of rating options and methods available under legislation, including:

1. The property valuation base to be utilised (three available choices- refer to 1.6.4).
2. Uniform versus differential rating for various classes of property, including the most equitable level of differential rating across the property classes.
3. Consideration of the application of fixed service charges for waste collection and municipal administration.
4. The application of special rates and charges.
5. Other levies applied under the Act.

1.5.2
Fair Go Rates System

The State Government's Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. The cap applies to general rates and is calculated based on council's average rates and charges – refer to Appendix A for the formula used to determine the maximum capped average rate increase.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Moira Shire community.

Council's *Financial Plan 2025-2035* has forecast rate income to increase in line with the rate cap assumed for each year. Not increasing rates by the full extent of the rate cap would have a cumulative negative impact on Council's long term financial sustainability and ability to provide a consistent level of service to the community.

In situations where the rate cap increase is not sufficient to support the current level of service, Council can apply to the Essential Services Commission for a higher cap; this is known as a rate cap variation.

1.5.3

Rating principles

When developing a rating strategy, with reference to differential rates, a Council should consider the following good practice principles as defined in the *2014 Local Government Better Practice Guide – Revenue and Rating Strategy*:

WEALTH TAX

The "wealth tax" principle implies that the rates paid are dependent upon the value of a ratepayer's real property and have no correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates.

EQUITY

Horizontal equity – ratepayers in similar situations should pay similar amounts of rates (ensured mainly by accurate property valuations, undertaken in a consistent manner, their classification into consistent property classes and the right of appeal against valuation).

Vertical equity – those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a "relativity" dimension to the fairness of the tax burden).

EFFICIENCY

Efficiency is directly related to the cost of administering the rates system. Administration costs include the issuing of assessments, collection of rates, including maintaining and improving collection systems, monitoring outcomes, educating, and informing ratepayers, and enforcement and debt recovery. It also includes the maximization of additional rate income through supplementary valuations by ensuring the timeliness and accuracy of amended rate notices.

A simple rating system is more transparent and efficient, meaning that the purpose and principles behind the design of a rate are clearer - who is liable for a particular rate and how rate liability is calculated.

However, it is also possible for a simple rate system to be costly if it is unpopular and results in increased appeals and higher collection costs.

SIMPLICITY

Simplicity means how easily a rates system can be understood by ratepayers and the practicality and ease of administration.

BENEFIT

Benefit means the extent to which there is a nexus between consumption/benefit and the rate or charge burden. In the context of rating, 'benefit is considered in a broader context and not at the individual level.

CAPACITY TO PAY

Capacity to Pay means the capacity of ratepayers or groups of ratepayers to pay rates.

DIVERSITY

Diversity means the capacity of ratepayers within a group (i.e. differential category) to pay rates.

To enact these principles, on an annual basis Council will:

- review its rating strategy and the distributional impact this will have on the rate base.
- ensure the rates levied are sufficient to fund current expenditure commitments and deliverables outlined in the *Council Plan 2025-2029*, *Financial Plan 2025-2035* and *Asset Plan 2025-2035*; and
- apply differential rates as equitably as is practicable and will comply with section 161 of the *Local Government Act 1989*, including having regard to any Ministerial guidelines made under subsection (2B) before declaring a differential rate for any land.

1.5.4

Determining which valuation base to use

Under the *Local Government Act 1989* ('*LGA 1989*'), Council has three options as to the valuation base it elects to use. They are:

- **Capital Improved Value (CIV)** – Value of land and improvements upon the land.
- **Site Value (SV)** – Value of land only.
- **Net Annual Value (NAV)** – Rental valuation based on CIV.

In choosing a valuation base, Council must decide on whether it wishes to adopt a differential rating system (different rates in the dollar for different property categories) or a uniform rating system (same rate in the dollar). If Council was to choose the former, under the *LGA 1989* it must adopt either the capital improved valuation or net annual value method of rating.

Refer to Appendix B for a detailed summary of the valuation methods and the advantages and disadvantages of adopting each method.

VALUATION BASE

Moira Shire applies Capital Improved Value (CIV) to all properties within the municipality for rating purposes to take into account the fully developed value of the property. This basis of valuation considers the total market value of the land plus buildings and other improvements. This valuation base is expected to best align with the rating principles as outlined in section 1.5.3 of this plan.

PROPERTY VALUATIONS

The *Valuation of Land Act 1960* is the principal legislation in determining property valuations. Under the *Valuation of Land Act 1960*, the Victorian Valuer-General conducts property valuations on an annual basis. Council applies a CIV to all properties within the municipality to consider the full development value of the property. This basis of valuation considers the total market value of the land including buildings and other improvements.

The value of land is always derived by the principal of valuing land for its highest and best use at the relevant time of valuation.

Annual valuation cycles were introduced to ensure rates are levied in a fair and equitable manner based on current market conditions as well as ensuring rating stability by reducing the impact of valuation fluctuations based on market.

However, despite the annual valuation cycles, there have been historical instances where property categories experienced large annual shifts in CIV relative to other property categories. This resulted in more of the rate burden being passed onto these property categories relative to other property categories.

Figures 3 and 4 provide examples of residential and farming properties, which experienced large increases in property valuations in 2022/23 and 2024/25, resulting in more of the rate burden being distributed to these rateable properties, despite Council not altering its rating strategy or methodology.

SUPPLEMENTARY VALUATIONS

Supplementary valuations are carried out for a variety of reasons including property rezoning, subdivisions, consolidation, renovations, new constructions, extensions, occupancy changes and corrections. The Victorian Valuer-General is tasked with undertaking supplementary valuations and advises council on valuation and Australian Valuation Property Classification Code ('AVPCC') changes.

Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality. Objections to supplementary valuations can be lodged in accordance with Part 3 of the *Valuation of Land Act 1960.* Any objections must be lodged with Council within two months of the issue of the supplementary rate notice.

OBJECTIONS TO PROPERTY VALUATIONS

Part 3 of the *Valuation of Land Act 1960* provides that a property owner may lodge an objection against the valuation of a property or the AVPCC within two months of the issue of the original or amended (supplementary) Rates and Valuation Charges Notice ('Rates Notice'), or within four months if the notice was not originally issued to the occupier of the land.

A property owner must lodge their objection to the valuation or the AVPCC in writing to the Valuer-General. Property owners also have the ability to object to the site valuations on receipt of their Land Tax Assessment. Property owners can appeal their land valuation within two months of receipt of their Council Rate Notice (via Valuer-General) or within two months of receipt of their Land Tax Assessment (via the State Revenue Office).

Figures 3 and 4 illustrates the valuation movement by property category which has been the cause of the redistribution of the rating burden between property categories.

Figure 3: Valuation movement by property category (Residential & Farming)

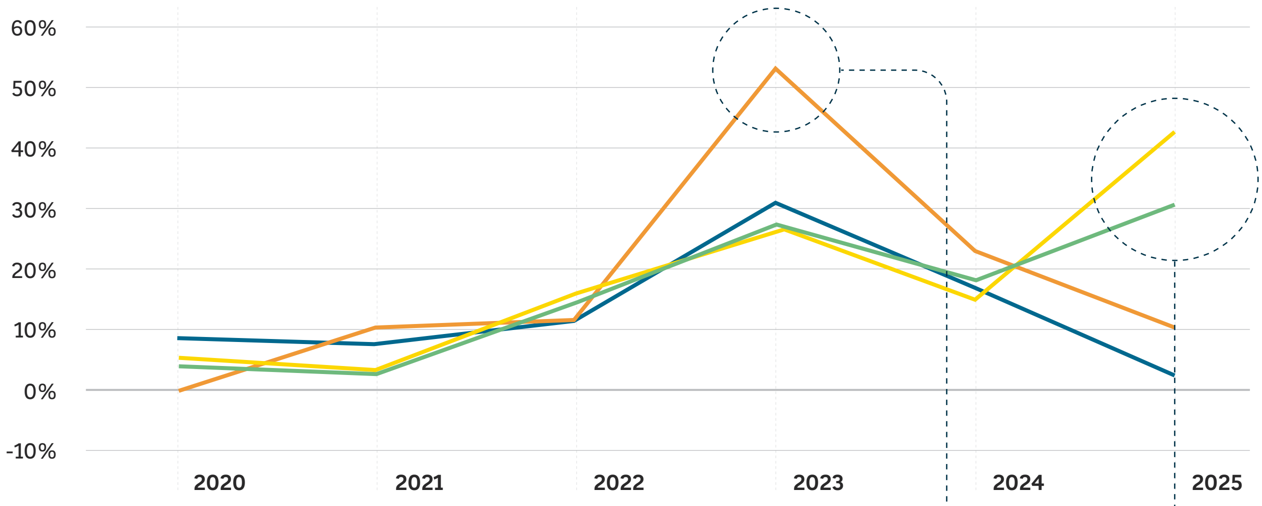
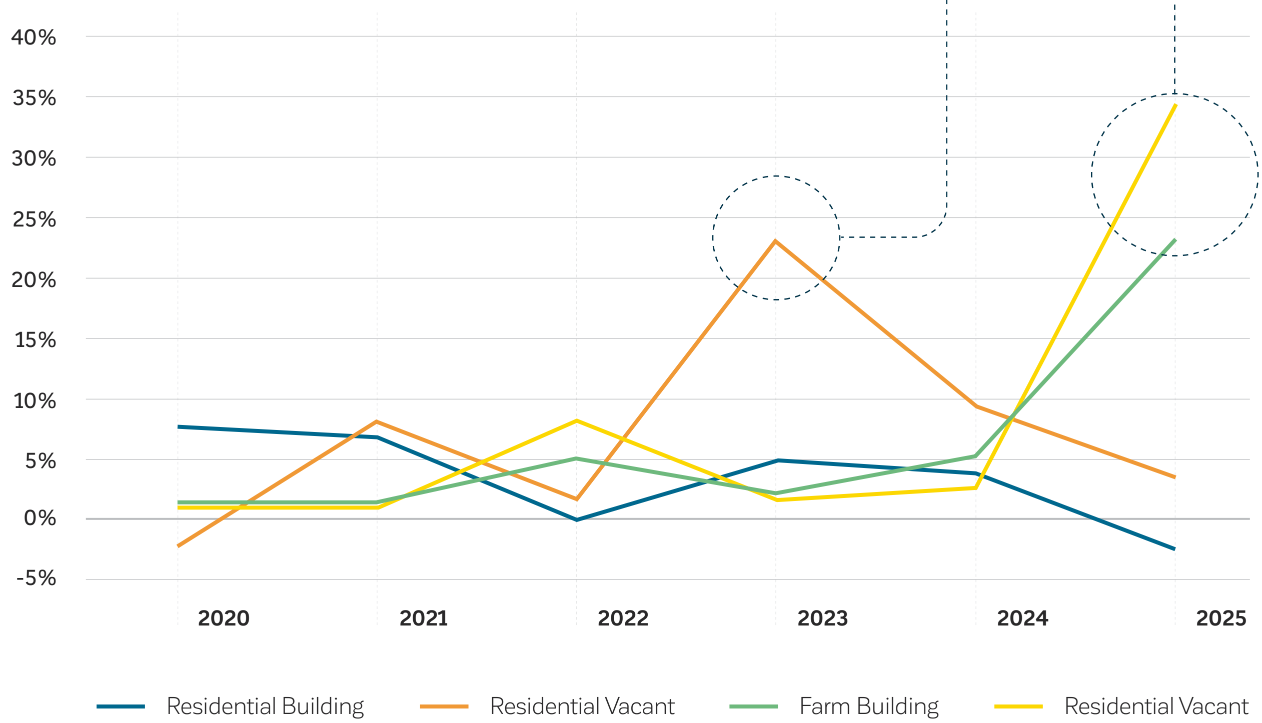


Figure 4: Rate revenue movement by property category (Residential & Farming)



1.5.5
Rating differentials

Differential rates are where councils set different rates in the dollar for different categories of rateable land.

The general objectives of each of the differential rates are to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council. There is no limit on the number or types of differential rates that can be levied, but the highest differential rate can be no more than four times the lowest differential rate.

USE OF EACH DIFFERENTIAL RATE

Differential rates will be used to fund items of expenditure described in the *Financial Plan 2025-2035*. The levels of the differential rates are the levels which Council considers is necessary to achieve the rating principles outlined in this Plan.

The classes of land which are subject to a differential rate and the level of differential rates are set out below.

OBJECTIVE OF EACH DIFFERENTIAL CATEGORY

To ensure that Council has adequate funding to deliver on the strategic objectives of the Council Plan whilst ensuring that the rating burden is levied in a manner that is fair and equitable.

RESIDENTIAL BUILDING

This rate applies to properties where the land is primarily used for residential purposes; meaning rateable land upon which there is an erected private dwelling, flat or unit. Eligible pensioners can access a state government funded concession.

RESIDENTIAL VACANT

This rate applies to unimproved residential land that when it is developed would be or be likely to be used primarily for residential purposes. The increased differential is applied to encourage development of the land.

RURAL BUILDING

This rate applies to land that is sized between 2 ha and 10 ha and located within a Rural Residential Zone or zones under the Moira Planning Scheme on which a building designed or adapted for human occupation is erected and the use of the land:

- does not have a significant and substantial commercial purpose or character.
- does not seek to make a profit on a continuous or repetitive basis from its activities on the land; and
- is not making a profit from its activities on the land or does not have a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

Differential Category	Previous Differential Rate	Proposed Differential Rate
Residential Building	100%	**100%**
Residential Vacant	200%	**200%**
Rural Building	100%	**100%**
Rural Vacant	200%	**200%**
Farm Land	100%	**95%**
Commercial or Industrial Building	140%	**140%**
Commercial or Industrial Vacant	200%	**250%**
Cultural and Recreational*	97%	**56%**

**Cultural and Recreational differential is used to calculate revenue in lieu of rates, not general rates.*

RURAL VACANT

This rate applies to land that is sized between 2 ha and 10 ha and located within a Rural Residential Zone or zones under the Moira Planning Scheme on which no building designed or adapted for human occupation is erected and the use of the land:

- does not have a significant and substantial commercial purpose or character.
- does not seek to make a profit on a continuous or repetitive basis from its activities on the land; and
- is not making a profit from its activities on the land or does not have a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

FARM LAND

This rate applies to land with an area greater than 2 ha that undertakes a commercial farming activity.

The proposed differential rate is 95% of the General Rate for Residential Building Land. The differential rate is proposed in consideration of the rating principles of equity and fairness as it applies to farming land. This is in recognition that farming enterprises generally require large masses of land with a corresponding large capital improved value relative to other business enterprises.

COMMERCIAL OR INDUSTRIAL BUILDING

This rate applies to land that is used primarily for, or is capable of being used for, commercial or industrial activities, which may include the sale of goods, delivery of services or manufacturing, processing, or repairing of products.

The increased differential rate from the General Rate for Residential Building Land recognises the impact that commercial and industrial land use places on council infrastructure and seeks to achieve vertical equity by passing more of the rate burden to properties capable of generating income.

Over the life of this plan, Council will be investigating short stay accommodation properties to assess if these properties should be classified and rated as commercial properties and therefore rated under the Commercial Building rather than the Residential Building differential category.

COMMERCIAL OR INDUSTRIAL VACANT

This rate applies to unimproved land that when it is developed would be used primarily for, or is capable of being used for, commercial or industrial activities, which may include the sale of goods, delivery of services or manufacturing, processing, or repairing of products.

The proposed differential rate is 250% of the General Rate, which is an increase from the previous differential rate of 200%. The increased differential rate proposed is to encourage development of the land.

1.5.6 Concessions, rebates and non-rateable land exemptions

CULTURAL AND RECREATIONAL LAND

Under the *Cultural and Recreational Land Act 1963*, provision is made for a Council to grant a rating concession to any recreational land which meets the test of being rateable land under the *LGA 1989*. The setting of the Cultural and Recreational differential is excluded from the rate cap calculation.

Section 1.6.6 of this Plan details how the differential rate for Cultural and Recreational properties is determined.

RATE REBATES

In partnership with the Trust for Nature and the Natural Heritage Trust, Council is offering a rate rebate to landholders with a conservation covenant.

A payment of up to $20 per hectare is available. The total payment depends on the calculated rates payable of the covenanted area with a minimum rebate amount of $100 to a maximum rebate of $1,000 per landholder.

Landowners that have native pastures, bush or swaps on their land are encouraged to apply for a conservation covenant with the Trust for Nature. Once a covenant has been registered, the landowner will automatically receive a rate rebate.

NON-RATEABLE LAND EXEMPTIONS

Non-rateable land is defined under section 154 (2) of the *LGA 1989*, which includes:

a. land which is unoccupied and is the property of the Crown or is vested in a Minister, a Council, a public statutory body or trustees appointed under an Act to hold that land in trust for public or municipal purposes;

b. any part of land, if that part —

   i. is vested in or owned by the Crown, a Minister, a Council, a public statutory body or trustees appointed under an Act to hold that land in trust for public or municipal purposes; and

   ii. is used exclusively for public or municipal purposes;

c. any part of land, if that part is used exclusively for charitable purposes;

d. land which is vested in or held in trust for any religious body and used exclusively —

   i. as a residence of a practicing Minister of religion; or

   ii. for the education and training of persons to be Ministers of religion; or

   iii. for both the purposes in subparagraphs (i) and (ii);

e. land which is used exclusively for mining purposes;

f. land held in trust and used exclusively —

   i. as a club for or a memorial to persons who performed service or duty within the meaning of section 3(1) of the *Veterans Act 2005*; or

   ii. as a sub-branch of the Returned Services League of Australia; or

   iii. by the Air Force Association (Victoria Division); or

   iv. by the Australian Legion of Ex-Servicemen and Women (Victorian Branch).

Note that 'Public or Municipal Purpose' in reference to the use of the land is not defined in the *LGA 1989*. Therefore, Council has adopted the following definition, for the purposes of assessing if land use meets the definition of non-rateable land:

> *"..land specified in a plan of subdivision as being a lot, parcel or other area of land for the purpose of a utility installation, transport infrastructure or other public purpose. For example, land provided for local roads, drainage and utility easements, local open space areas and community facilities is public purpose land." (State Revenue Office (publication-GAIC-01-17))*

If a ratepayer believes that the land they hold meets the definition of non-rateable land under the *LGA 1989*, then they are encouraged to make an application with Council to have a non-rateable land assessment performed.

1.5.7
Municipal charge

Another principal rating option available to Councils is the application of a municipal charge. Under Section 159 of the *LGA 1989*, Council may declare a municipal charge to cover some of the administrative costs of the Council. The legislation does not require Council to specify what is covered by the charge.

Under the *LGA 1989*, a council's total revenue from a municipal charge in a financial year must not exceed 20 per cent of the combined sum total of the Council's total revenue from the municipal charge and the revenue from general rates (total rates).

The application of a municipal charge represents a choice to raise a portion of the rates by a flat fee for all properties, rather than sole use of the CIV valuation method.

As Moira Shire has a rate base where 40 percent of the valuation of ratable properties is attributable to properties with large parcels of land holdings i.e. rural and farming properties, the use of the Municipal Charge is seen as a mechanism to equitability distribute a fixed portion of the rating burden across the rate base.

Therefore, Council will continue to levy a Municipal Charge in line with legislative requirements.

1.5.8

Special charge schemes

The *LGA 1989* recognises that councils need help to provide improved infrastructure for their local communities. Legislation allows councils to pass on the cost of capital infrastructure to the owner of a property that generally receives a unique benefit from the construction works. The technical explanation of a Special Charge comes from legislation (under the *LGA 1989*) that allows councils to recover the cost of works from property owners who will gain special benefit from that work.

The purposes for which special rates and special charges may be used include road construction, kerb and channel construction, footpath provision, drainage, and other capital improvement projects.

Special rate or special charges may be declared based on a criteria specified by Council (*LGA 1989* s.163 (2)). In accordance with Section 163 (3), council must specify:

a. the wards, groups, uses or areas for which the special rate or charge is declared;

b. the land in relation to which the special rate or special charge is declared.

c. the manner in which the special rate or special charge will be assessed and levied; and

d. details of the period for which the special rate or special charge remains in force.

The special rates and charges provisions are flexible and can be used to achieve a wide range of community objectives. The fundamental principle of special rates and charges is proof that "special benefit" applies to those being levied.

1.5.9

Service rates and charges

Section 162 of the LGA 1989 provides council with the opportunity to raise service rates and charges for any of the following services:

a. Waste, recycling or resource recovery services; and

b. Any other prescribed service.

KERBSIDE COLLECTION SERVICE CHARGES

Moira Shire applies a service charge to fully cost recover the collection and disposal of the following kerbside collection services:

- Landfill
- Recycling (including glass collection); and
- Organics

Council's kerbside service charges for the 2025/2026 financial year are proposed to be priced as follows:

Collection Service	Service Costs (per year)	Service Costs (per week)
Landfill – 240L*	$524	$10.07
Landfill – 120L	$262	$5.03
Landfill – 80L	$175	$3.36
Recycling**	$164	$3.15
Organics	$188	$3.61

**Available only to eligible properties with 6 or more people living in the property or properties with two or more children in nappies.*

*** Includes a service cost of $39 per year for kerbside glass collection.*

Variable bin size offerings are available for recycling, organics, and glass collection services. The alteration of the bin size for these services will not impact the annual service charge.

ENVIRONMENTAL CHARGE

In addition to the kerbside collection service charges, Council also levies an Environmental Charge (previously called Environmental Levy) under section 162 of the *LGA 1989.*

The Environmental Charge is used to meet the significant and growing costs of providing a landfill service to the community, which includes site rehabilitation, aftercare and maintenance to ensure environmental regulations are being met. This charge is a fixed charge which all rateable properties incur regardless of the value of the property.

Where there is a single farm enterprise, an exemption can be obtained so the Environmental Charge is only levied once on all properties of the farm enterprise.

MINISTER'S GOOD PRACTICE GUIDELINES FOR SERVICE RATES AND CHARGES

In December 2023, the Minister for Local Government released the Local Government Service Rates and Charges Minister's Good Practice Guidelines ('the Guidelines').

These Guidelines made under Section 87 of the *Local Government Act 2020* set out what constitutes good practice by councils in the determination and declaration of Service Rates and Charges under Section 162 of the *LGA 1989.*

The objective of these Guidelines is to ensure that Service Rates and Charges:

- are explainable and justifiable to the public in accordance with the governance principles of the *Local Government Act 2020* and the Local Government Better Practice Guide – Revenue and Rating Plans.
- are only used to recover the reasonable costs of providing a direct service to an occupancy; and
- are calculated and declared in a fair and transparent manner and do not over recover the costs of services.

Whilst not mandatory, in the development of this Revenue and Rating Plan, Council measured its level of adherence to the Guidelines. This found that Council has already implemented 67% of the requirements under the Guidelines. Following this assessment, Council has developed a transition plan to fully implement the guidelines over a four-year period.

During this period, the following key outcomes will be delivered to fully implement the guidelines:

1. Perform a service level review of the entire waste management service to ensure service levels are aligned with the needs of the Community and service efficacy is achieved.
2. Adjust the service levels of all waste management services to align with the outcomes of the service level review.
3. Reassess the kerbside collection charges so the pricing structure is cost recoverable based on the new level of service.
4. Consider the revocation of the Environmental Charge by funding necessary waste management costs, that are unrecoverable through the kerbside collection service charges, through general rates.

The revocation of the Environmental Charge will have a disproportionate rating impact on the community as higher valued properties will absorb more of the rating burden. This is due to the Environmental Levy being a fixed charge on all properties, where general rates are levied based on a property's valuation.

The transition plan aims to reduce this distributional impact by first ensuring the efficacy of the waste management service and that only necessary costs of service delivery are recovered through general rates.

1.5.10 Administration collection of rates, fees and charges

The purpose of this section is to outline the payment options, processes, and the support provided to debtors and ratepayers facing financial hardship.

LIABILITY TO PAY RATES

The owner of the land is liable to pay the rates and charges on that land. In certain cases, the occupier, mortgagee, or licensee holder is liable to pay the rates.

The *LGA 1989* declares the unpaid rate or charge, interest, and costs to be the first charge upon the land, when the land is sold; ensuring Council receives the outstanding monies prior to the discharge of any mortgage and or charges on the land.

PAYMENT DATES FOR RATES

Council, in accordance with the *LGA 1989* must allow for the payment of rates by four instalments per annum. The mandatory instalment payments are required at the end of September, November, February, and May each year in accordance with the Gazetted dates.

Council may also allow ratepayers to pay a rate or charge in a single lump sum payment.

Moira Shire Council offers payments by quarterly instalments, annual instalment or through a flexible payment method (i.e. weekly, fortnightly, monthly) where overdue debt restrictions do not apply.

As an incentive to encourage payments made by flexible payment method, interest will not be charged on rates and charges paid via this method until after 31 May each financial year, which is date when these plans should be paid in full.

Dishonour fees will be charged where a payment dishonours to recover the costs incurred by Council in administering a dishonour.

INCENTIVES FOR PROMPT PAYMENT

Section 168 of the *LGA 1989* provides that incentives may be offered by Council for payment of rates and charges before the due dates.

No incentives are offered by Council for the payment of rates and charges before the dates.

REVENUE COLLECTION AND FINANCIAL HARDSHIP POLICY

Council is committed to ensuring all ratepayers as well as general debtors are treated respectfully and provided with a fair opportunity to pay their outstanding debts. Council's Revenue Collection and Financial Hardship Policy ensures Council is meeting its compliance obligations in the collection of its revenue and ensuring it provides adequate flexibility to those members of the community experiencing hardship.

The timely recovery of general rates, fees and charges is essential to ensure adequate funding of ongoing services and capital projects Council delivers for the benefit of the community. The Policy is made available on the Council's website and should be referred to for specific details on collection procedures for general rates, fees and charges.

PENSIONER REBATES

Holders of a Centrelink or Veteran Affairs Pension Concession Card (PCC) or a Veteran Affairs Gold Card which stipulates Total and Permanently Incapacitated (TPI) or War Widow may claim a rebate on their sole or principal place of residence. Upon initial application, ongoing eligibility is maintained, unless rejected by Centrelink or the Department of Veteran Affairs during the annual verification procedure. Upon confirmation of an eligible pensioner concession status, the pensioner rebate is deducted from the rate account before payment is required by the ratepayer.

With regards to new applicants, after being granted a PCC, pensioners can then apply for the rebate at any time throughout the rating year. Retrospective claims up to a maximum of one previous financial year can be approved by Council on verification of eligibility criteria. For retrospective claims greater than one financial year, the claim must be approved by the relevant government department.

STATE GOVERNMENT LEVIES AND CHARGES

Emergency Services and Volunteers Fund (ESVF)

Subject to the Fire Services Property Amendment (Emergency Services and Volunteers Fund) Bill 2025 being endorsed by Parliament, from 1 July 2025 the Fire Services Property Levy (FSPL) will be replaced by the ESVF.

The levying structure of the ESVF is like the FSPL, being a property-based levy and administered as follows:

- councils collect the levy through rates notices.
- the levy is calculated based on the capital improved value of a property.
- the levy consists of a fixed component plus a variable component calculated as a percentage of capital improved property values.
- the fixed component varies for residential properties and non-residential properties; and
- the levy rate varies for different property types such as residential, industrial, commercial, and primary production.

The ESVF is shown separately on rate notices. It is important to note that Council is not raising any additional revenue from the ESVF for its own purposes; it is merely acting as a collection agency on behalf of the State Government.

The proposed changes to the fixed and variable charges under the new ESVF for the 2025/26 financial year are shown in the table below:

State Government – Fixed Charges

	2025/26 ESVF	2024/25 FSL	Increase/ (Decrease)
Residential (PPR)	$136	$132	3%
Commercial	$275	$267	3%
Industrial	$275	$267	3%
Primary Production	$275	$267	3%
Vacant*	–	$267	-100%

State Government – Variable Levy (Rate in the Dollar)

	2025/26 ESVF (cents/CIV)	2024/25 FSL (cents/CIV)	Increase/ (Decrease)
Residential (PPR)	0.000173	0.000087	99%
Commercial	0.001330	0.000664	100%
Industrial	0.001330	0.000811	64%
Primary Production**	0.000287	0.000287	0%
Vacant*	–	0.000290	-100%

* *Whilst the vacant land category has been abolished under the ESVF, vacant land is allocated to its corresponding land use classification (e.g. vacant industrial land will be reclassified as industrial land).*

** *The ESVF Levy for primary production properties in Victoria will remain unchanged at the 2024-25 rate for the 2025-26 financial year. This is currently a temporary pause on the planned increase to 71.8 cents per $1,000 CIV or a 150% increase in variable rate from the FSL.*

1.6 Other Revenue Items

1.6.1 User fees and charges

User fees and charges are those that Council will charge for the delivery of services and use of community infrastructure.

Examples of user fees and charges include:

- Pool visitation and membership fees
- Waste management gate fees.
- Aged and Health Care service fees
- Leases and facility hire fees.
- Hire of Parks and recreation facilities

The provision of infrastructure and services form a key part of council's role in supporting the local community. In providing these, council must consider a range of 'Best Value' principles including service cost and quality standards, value-for-money, and community expectations and values. Council must also balance the affordability and accessibility of infrastructure and services with its financial capacity and in the interests of long-term financial sustainability.

Councils must also comply with the government's Competitive Neutrality Policy for significant business activities they provide and adjust their service prices to neutralise any competitive advantages when competing with the private sector.

In providing services to the community, council must determine the extent of cost recovery for particular services consistent with the level of both individual and collective benefit that the services provide and in line with the community's expectations.

Services are provided based on one of the following pricing methods:

MARKET PRICING

Is where council sets prices based on the benchmarked competitive prices of alternate suppliers. In general market price represents full cost recovery plus an allowance for profit. Market prices will be used when other providers exist in the given market, and council needs to meet its obligations under the State Government's Competitive Neutrality Policy.

It should be noted that if a market price is lower than council's full cost price, then the market price would represent council subsidising that service. If this situation exists, and there are other suppliers existing in the market at the same price, this may mean that council is not the most efficient supplier in the marketplace. In this situation, council will consider whether there is a community service obligation and whether council should be providing this service at all.

FULL COST RECOVERY PRICE

Aims to recover all direct and indirect costs incurred by council. This pricing should be used where a service provided by council benefits individual customers specifically, rather than the whole community.

SUBSIDISED PRICING

Is where council subsidises a service by not passing the full cost of that service onto the customer. Subsidies may range from full subsidies (i.e. council provides the service free of charge) to partial subsidies, where council provides the service to the user with a discount. The subsidy can be funded from council's rate revenue or other sources such as Commonwealth and State funding programs. Full council subsidy pricing and partial cost pricing should always be based on knowledge of the full cost of providing a service.

Council publishes a table of fees and charges as part of its annual budget each year. Proposed pricing changes will be included in this table and will be communicated to stakeholders before the budget is adopted, giving them the chance to review and provide valuable feedback before the fees are endorsed.

1.6.2 Statutory fees and charges

Statutory fees and fines are those which council collects under the direction of legislation or other government directives. The rates used for statutory fees and fines are generally advised by the state government department responsible for the corresponding services or legislation, and generally councils will have limited discretion in applying these fees.

Examples of statutory fees and fines include:

- Planning and subdivision fees
- Building and Inspection fees
- Infringements and fines
- Land Information Certificate fees.

Penalty and fee units are used in Victoria's Acts and Regulations to describe the amount of a fine or a fee.

PENALTY UNITS

Penalty units are used to define the amount payable for fines for many offences. One penalty unit is currently $197.59, from 1 July 2024 to 30 June 2025.

The rate for penalty units is indexed each financial year so that it is raised in line with inflation. Any change to the value of a penalty unit will happen on 1 July each year.

FEE UNITS

Fee units are used to calculate the cost of a certificate, registration or licence that is set out in an Act or Regulation.

The value of one fee unit is currently $16.33, from 1 July 2024 to 30 June 2025. This value may increase at the beginning of a financial year, at the same time as penalty units.

The cost of fees and penalties is calculated by multiplying the number of units by the current value of the fee or unit.

1.6.3 Grants

Grant revenue represents income usually received from other levels of government. Some grants are singular and attached to the delivery of specific projects, whilst others can be of a recurrent nature and may or may not be linked to the delivery of projects or services.

Council will pro-actively advocate to other levels of government for grant funding support to deliver important infrastructure and service outcomes for the community. Council may use its own funds to leverage higher grant funding and maximise external funding opportunities.

When preparing its financial plan, council considers its project proposal pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine what grants to apply for. Council will only apply for and accept external funding if it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities.

Grant assumptions are then clearly detailed in council's budget document. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

1.6.4
Contributions

Contributions represent funds received by council, usually from non-government sources, and are usually linked to projects. Contributions can be made to council in the form of either cash payments or asset handovers.

Examples of contributions include:

- Monies collected from developers under planning and development agreements.
- Monies collected under developer contribution plans and infrastructure contribution plans.
- Contributions from user groups towards upgrade of facilities
- Assets handed over to council from developers at the completion of a subdivision, such as roads, drainage, and streetlights.

Contributions should always be linked to a planning or funding agreement. Council will not undertake any work on a contribution-funded project until a signed agreement outlining the contribution details is in place.

Contributions linked to developments can be received well before any council expenditure occurs. In this situation, the funds will be identified and held separately for the specific works identified in the agreements.

1.6.5
Interest on investments

Council receives interest on funds managed as part of its investment portfolio, where funds are held in advance of expenditure, or for special purposes. The level of income derived from investments can fluctuate year on year based on the level of cash held. The investment portfolio is managed per council's Treasury Management Policy, which provides a framework for managing Council's financial risk associated with borrowing and investment activities.

1.6.6
Revenue in lieu of rates

SOLAR FARMS

Solar Farms have a variable and fixed charge calculated and is separate from the Fair Go Rates system as the charge is a payment in lieu of paying rates. This is established under section 94(6A) of the *Electricity Industry Act 2000* (*EI Act*).

Solar Farms are required to make a payment in lieu of rates and is calculated on the solar farm megawatt (MW) output in accordance with Section 94(6A) of the *EI Act*. For Solar Farms greater than 25MW output, the methodology combines a fixed charge with a variable charge based on the capacity of the Solar Farm in megawatts. The fixed charge in for the 2024/25 financial year is $65,729 and the variable charge is $1,480 per megawatt (MW) and is indexed to CPI.

For Solar Farms with a capacity up to 25MW, the established rates are as follows:

- **Commercial solar or wind generator:** $1.34 per MWh generated, or $7,500, whichever is greater in each year; or
- **Community solar or wind generator:** $0.68 per MWh generated, or $5,000, whichever is greater in each year.

The minimum rate of $7,500 for a commercial generator up to 25 MW capacity, and $5,000 for a community owned generator up to 25 MW capacity applies where actual generation is less than expected, for example in a year where a generator is offline. This ensures that council receives revenue that contributes to local services.

CULTURAL AND RECREATIONAL LAND

The *Cultural and Recreational Land Act 1963* (*C&R Act*) requires that Council undertake a separate process for the purpose of setting an applicable Charge 'in lieu of Rates' for eligible recreational lands.

Under section 2 of the *C&R Act*, Recreational Lands is defined as:

1. Lands that are vested in or occupied by any body corporate or unincorporate which exists for the purpose of providing or promoting cultural or sporting recreational or similar facilities or objectives and which applies its profits in promoting its objects and prohibits the payment of any dividend or amount to its members; and
2. used for out-door sporting recreational or cultural purposes or similar out-door activities; or
3. lands which are used primarily as agricultural showgrounds.

SETTING AN APPROPRIATE CHARGE

In determining an appropriate charge in lieu of rates of eligible properties, Council must assess the following two areas:

1. The services provided by Council in relation to the land; and
2. The benefit to the community derived from the land.

This assessment is consistent with Section 4 part (1) of the *Cultural and Recreational Land Act 1963*, which states:

> *"that Notwithstanding the provisions of any Act or enactment relating to the making and levying of rates that would otherwise be payable to the municipal council in respect of recreational lands there shall be paid to the municipal council as rates in each year such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such lands."*

SERVICES PROVIDED BY COUNCIL IN RELATION TO THE LAND

Council has assessed and determined, that all services are provided either directly or indirectly to Recreational Land in the municipality except for the following:

- Waste Collection (excluding public spaces)
- Aerodrome
- Maternal and Child Health
- Library services
- Pool services
- Community Services - Youth

The exclusion of these services results in 76% of Council's operating expenditure (excluding depreciation and amortisation) being attributable to Recreational Land.

BENEFIT TO THE COMMUNITY DERIVED FROM THE LAND

Council has identified the following potential community benefits that are derived from the land:

- Social interactions
- Recreational activities
- Sporting programs
- Coaching and leadership opportunities
- Cultural promotion
- Environmental benefits
- Employment opportunities
- Volunteering opportunities
- Community Development/Meeting Places.

In recognition of the benefits that organisations utilising Recreational Land provide to the community, Council has determined that these benefits result in a 20% reduction in any applicable levy of a charge in lieu of rates.

DETERMINATION OF APPROPRIATE CHARGE

Upon considering the services delivered by Council to Recreational Land occupiers together with the benefits the community derive from the use of the land, the total payment in lieu of rates will be equal to 56% of that levied on a residential property – representing a 44% discount as shown in the below table:

Percentage of Residential RID*:	100%
Less: exclusion of non-applicable services	(24%)
Less: community benefit discount	(20%)
Total discount rate	(44%)
Percentage of Residential RID* Applied	**56%**

**RID refers to the Rate-In-the-Dollar, which is applied to the Capital Improved Value of a property to derive the total rates to be levied on the property.*

The discount rate will be fixed for eligible properties for the term of the *Revenue and Rating Plan 2025-2029.*

CALCULATION OF PAYMENT IN LIEU OF RATES

The payment in lieu of rates will be determined annually by calculating an equivalent discounted rate-in-the-dollar for the Recreational Land classification, which will be applied to the Capital Improved Value (CIV) of the eligible property.

ELIGIBILITY AND ASSESSMENT

Where landowners or occupiers identify that the use of the land meets the definition of Recreational Land under the Act, a written submission can be made to Council for consideration for it to be classified as Recreational Land under the Act. The submission will be assessed by Council's Revenue Coordinator.

APPEALS

Where a submitter is not satisfied with Council's Revenue Coordinator initial assessment, an internal review can be requested. This review will be performed by Council's Director of Corporate Performance.

Appeals can also be submitted to the Minister for Environment in accordance with Section 4 part (2) of the Act.

1.7 Review Period

This *Revenue and Rating Plan* covers the four-year period July 2025-June 2029. The Plan will be annually reviewed and amended (where required) during this four-year period.

1.8 Related Documents

- *Revenue Collection and Financial Hardship Policy*
- *Treasury Management Policy*
- *Community Vision 2045*
- *Council Plan 2025-2029*
- *Financial Plan 2025-2035*
- *Annual Financial Plan and Budget*
- *Asset Plan 2025-2035*

1.9 Related Legislation

- *Local Government Act 2020*
- *Local Government Act 1989*
- *Penalty Interest Rates Act 1983*
- *Cultural and Recreational Lands Act 1963*
- *Valuation of Land Act 1960*

Appendicies

APPENDIX A

Fair Go Rates system, rate cap calculation

Under the FGRS, the Cap is calculated by a formula provided by the Essential Services Commission and agreed to by the State Government, which is:

$$\textit{Base Average Rate} = \frac{(A+B)}{C}$$

$$\textit{Base Average Rate} \times (1+D) = \text{Maximum Allowable Capped Average Rate}$$

A. Adopted General Rate and Municipal Charge Income

B. Annualised Supplementary (new) Rate and Municipal Charge Income

C. Number of rateable assessments as of 30 June

D. Prescribed Rate Cap by the Minister for Local Government.

APPENDIX B

Valuation methods, advantages and disadvantages

CAPITAL IMPROVED VALUE (CIV)

CIV is the most used valuation base by Local Government in Victoria. Based on the value of both land and all improvements on the land, it is generally easily understood by ratepayers as it equates to the market value of the property. Section 161 of the *LGA 1989* provides that a Council may raise any general rates by the application of a differential rate if it uses the capital improved value system of valuing land; and it considers that a differential rate will contribute to the equitable and efficient carrying out of its functions.

Where a Council does not utilise CIV system of valuing land, it may only apply limited differential rates in relation to farmland, urban farmland or residential use land in circumstances set out in section 161A of the *LGA 1989*.

Advantages of using CIV:

- CIV includes all improvements, and hence is often supported on the basis that it more closely reflects a ratepayer's perceived wealth.
- The CIV rating method considers the full development value of the property, and therefore better meets the equity criteria than site value and net annual value.
- With the valuations being assessed annually, the market values are more predictable.
- The concept of the market value of property is more easily understood with CIV rather than net annual value or site value.
- CIV makes it easier to compare relative movements in rates and valuations across councils to assist in assessing if valuation shifts are reasonable.
- The use of CIV allows Council to apply differential rates which adds to Council's ability to equitably distribute the rating burden.

Disadvantages of using CIV:

- Rates are based on the total property value, which may not necessarily reflect the property owner's income level or capacity to pay as with pensioners and low-income earners.

SITE VALUE

Site value is based on the valuation of land only. The site value is the value of the land only, and assumes the land is vacant with no improvements (such as buildings).

Advantages of site value:

- Scope for possible concessions for urban farmland and residential use land.

Disadvantages in using site value:

- Under site value, there would be a significant rate burden shift from the Industrial/ Commercial sector onto the residential sector of Council. The percentage increases in many cases would be in the extreme range.
- Site value is a major burden on property owners that have large areas of land. A typical example is flats, units, or townhouses which would all pay lower rates compared to traditional housing styles.
- The use of site value can place pressure on Council to give concessions to categories of landowners on whom the rating burden is seen to fall disproportionately (e.g. farmland and residential use properties).
- Site value would reduce Council's rating flexibility and options to deal with any rating inequities due to the removal of the ability to levy differential rates.

NET ANNUAL VALUE

Net Annual Value ('NAV'), in concept, represents the annual rental value of a property. However, in practice, net annual value is closely linked to capital improved value for residential and farm properties. Valuers derive the net annual value directly as 5 per cent of capital improved value. In contrast to the treatment of residential properties and farms, net annual value for commercial and industrial properties are assessed regarding actual market rental.

Advantages of Net Annual Value:

- Since NAV is based on rental value, it can provide a more dynamic and market-driven assessment, particularly for commercial and rental properties.
- Properties generating higher rental income (e.g., commercial buildings) receive a greater portion of the rating burden, ensuring a fairer distribution.
- Higher NAV on underutilized properties may encourage landowners to develop or lease out vacant buildings to improve productivity.

Disadvantages in using Net Annual Value:

- Determining rental values can be complex, particularly for unique or non-rental properties where market comparisons are difficult.
- Rental values fluctuate due to market conditions, leading to possible inconsistencies in valuations and rate assessments over time.
- Compared to the CIV method, NAV requires additional data collection and analysis, increasing administrative workload and costs.
- Since owner-occupied residential properties do not generate rent, their NAV is set at 5% of CIV, which may not always align with market rental values, leading to discrepancies in rate assessments.
- Commercial property owners may face disproportionately high rates if their NAV is significantly higher than residential properties, potentially impacting business viability.

APPENDIX C

Advantages and disadvantages of the use of a municipal charge

Advantages of a Municipal Charge:

The charge applies equally to all properties and is based upon the recovery of fixed costs of providing administrative services irrespective of valuation. The same contribution amount per assessment to cover a portion of Councils administrative costs can be seen as a practical method of recovering these costs.

Disadvantages of a Municipal Charge:

This charge is regressive in nature and would result in lower valued properties paying higher overall rates and charges than they do at present. The equity objective in levying rates against property values is partially lost in a municipal charge as it is levied uniformly across all assessments.

APPENDIX D

Service rates and charges, advantages and disadvantages

SERVICE CHARGE

A service charge follows a user-pays approach and directly links the charge levied with the direct service to the occupancy. Ratepayers pay the same charge for the same service received, independently of the property valuation.

Advantages of a Service Charge:

- Easily understood by the residents as a user-pays system.
- There is the ability to identify and apportion the costs of services to ensure users of the service are only charged so the service is cost recoverable.
- Charges are only levied on only those properties that receive a service, meaning that relief is provided to ratepayers who can't use a particular service.
- Service charges are not subject to the Fair Go Rate Cap. This means that as costs of a service move outside of inflation, these costs can be effectively quarantined from within the Rate Cap.
- The use of a service charge is better aligned to the Minister's Good Practice Guidelines for Service Rates and Charges.

Disadvantages of a Service Charge:

- A Service Charge can be seen as regressive in nature as lower valued properties pay the same charge as higher valued properties.

SERVICE RATES

A service rate is based on a property's valuation and follows a wealth-tax approach in the same way general rates are determined by multiplying the percentage (the rate in the dollar) by the value of the land. This approach is progressive in nature.

Advantages of a Service Rate:

- Easily understood by the residents as a user-pays system.
- There is the ability to identify and apportion the costs of services to ensure users of the service are only charged so the service is cost recoverable.
- Service rates apply proportionally in the same way general rates are applied proportionally, in that properties with lower values pay lower service charges.

Disadvantages of a Service Rate:

- A service rate has no correlation with the individual ratepayer consumption of services.
- The use of a service rate is not consistent with the Minister's Good Practice Guidelines for Service Rates and Charges.
- A Service Rate will result in ratepayers using the same service paying different amounts dependent on their property's values.

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